

# Emerging Market Debt Hard Currency Sovereign

## Strategy Profile

### Q4 2023

#### Strategy summary

The Emerging Markets Debt Plus strategy seeks long-term total return by investing in Emerging Market hard currency sovereign, quasi sovereign and corporate bonds, local currency sovereigns and currencies. It is measured against the JP Morgan EMBI Global Diversified Index, a hard currency, USD benchmark.

#### Investment philosophy

We believe successful investment in EMD requires:

- Successful investment in EMD requires intensive fundamental research
- We have an experienced, well-resourced team with diverse backgrounds enhances idea generation
- On-the-ground research and frequent country trips are important to understand the perception of risk between local and foreign investors
- Significant alpha can be derived from smaller issuers that are relatively under-researched and can often be mispriced
- ESG integration creates long-term investment value
- Constructing well-diversified portfolios can help to minimize risk over the long term

#### Our investment approach

- Investment approach is based on intensive fundamental research, which we use to identify bonds that deliver strong returns while minimizing the risk of exposure to bonds of deteriorating investment quality that may ultimately result in default and asymmetric downside risk
- Combination of qualitative and quantitative inputs
- Disciplined and rigorous process for managing risk at every stage of our investment process
- Bottom up approach to portfolio construction rather than a focus on top down asset allocation
- We invest for the long term, allowing us to look through periods of short term volatility
- Benchmark-aware rather than benchmark-driven

#### Key differentiators

- Long history of investing in emerging markets debt
- Stability of our team and longevity of our investment process sets us apart
- The size and scale of our team allows us to research a broader set of assets, extending our investment universe to include less researched markets
- EMD team is primarily based in London and Singapore, and other key locations across Asia which gives us unique insights into the countries in which we invest
- Strong emphasis on fundamental research includes 50 country visits each year and is a key differentiator, giving us confidence to take positions with a high degree of conviction

#### At a glance

- **Strategy Assets:**  
\$1,358.1m<sup>1</sup>
- **Strategy Inception:**  
Aug 01, 1999
- **Benchmark:**  
JPM EMBI Global Diversified
- **Number of Issuers:**  
77
- **Average Credit Quality**

Rep Account	BB
Benchmark	BB+
- **Average Maturity**

Rep Account	11.50
Benchmark	11.40
- **Modified Duration**

Rep Account	6.66
Benchmark	6.76
- **Yield to Maturity**

Rep Account	9.84
Benchmark	8.36

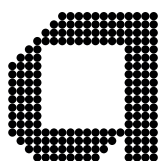
<sup>1</sup>Source: abrdn as at end Dec 2023  
Please see disclosures on page 2

#### Why abrdn for fixed income?

- Well-resourced, stable team with deep experience
- Intensive bottom-up approach to investing
- ESG analysis is a key input in the research process
- Risk control with a strong focus on downside protection

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Not for use with retail investors.



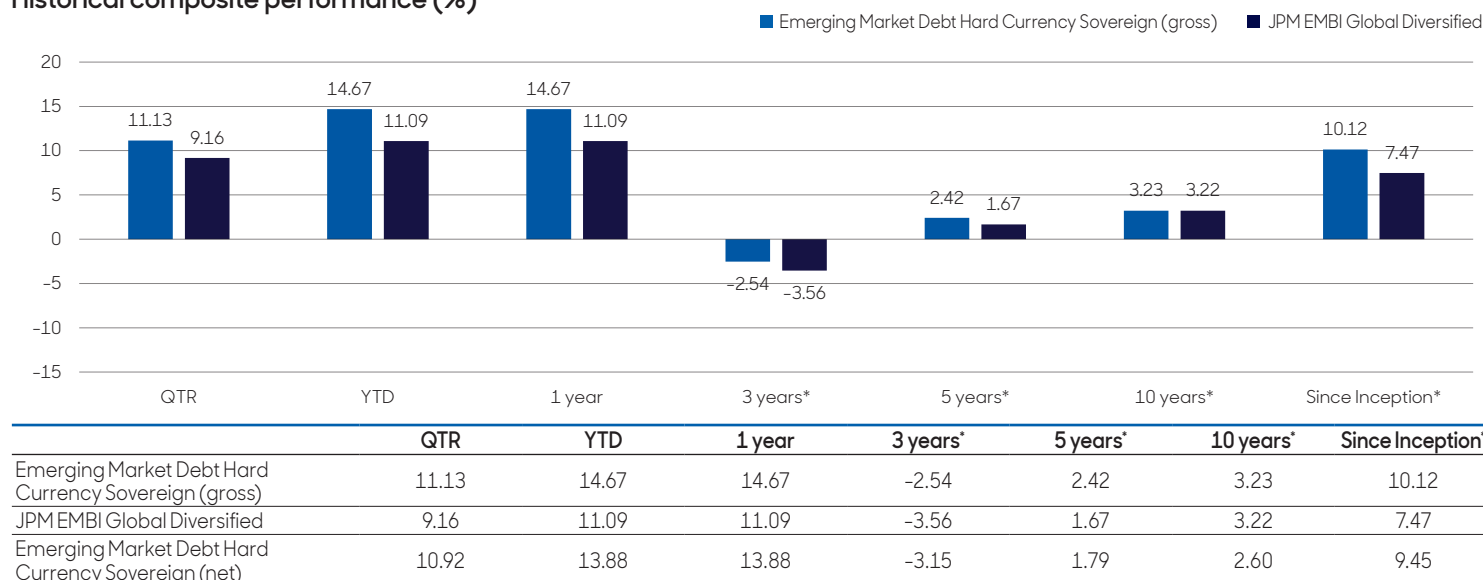


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#### Historical composite performance (%)



\*Returns are annualized. Figures may appear not to add due to rounding.

#### Composite calendar year returns (%)

Year ending	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Emerging Market Debt Hard Currency Sovereign (gross)	14.67	-16.19	-3.68	5.28	15.65	-6.81	13.47	14.10	-2.82	3.99
JPM EMBI Global Diversified	11.09	-17.78	-1.80	5.26	15.04	-4.26	10.26	10.15	1.18	7.43
Emerging Market Debt Hard Currency Sovereign (net)	13.88	-16.69	-4.26	4.65	14.96	-7.37	12.79	13.41	-3.40	3.37

Source: abrdn (strategy) and FACTSET (benchmark). Returns are in US Dollars. Performance is gross of fees and does not reflect advisory fees, had such fees been deducted, returns would have been lower. Net performance can be found in the composite presentation at the end of this document. **Past performance is not a guide to future performance.** The information on this page is supplemental to the Composite's GIPS Report contained at the end of this document.

#### Top 5 overweight and bottom 5 underweight country positions

Country	Portfolio (%)	Benchmark (%)	Relative (%)
India	3.4	0.7	2.7
Brazil	6.0	3.3	2.6
South Africa	5.1	2.8	2.2
Colombia	5.1	3.0	2.1
Kazakhstan	2.9	1.3	1.6
Uruguay	0.6	2.3	-1.8
Philippines	1.3	3.4	-2.1
UAE	2.0	4.4	-2.4
Oman	0.1	3.2	-3.1
China	0.0	4.2	-4.2

Source: abrdn

Representative account is an unregistered U.S. commingled vehicle used for illustrative purposes only. The country and currency profiles are current as of the period and may change based on the activity of the portfolio manager. Your portfolio may not have the same characteristics and allocations.

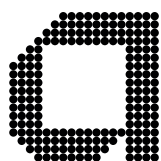
Fixed income securities are subject to certain risks including, but not limited to: interest rate (changes in interest rates may cause a decline in the market value of an investment), credit (changes in the financial condition of the issuer, borrower, counterparty, or underlying collateral), prepayment (debt issuers may repay or refinance their loans or obligations earlier than anticipated), and extension (principal repayments may not occur as quickly as anticipated, causing the expected maturity of a security to increase).

In determining average credit rating, ratings from Moody's, Standard & Poor's, or Fitch will apply. Every security in the representative account is assigned an average credit rating. The higher rating will apply for split rated securities. The average credit quality is a market-weighted average of all the securities in the representative account.

Foreign securities are more volatile, harder to price and less liquid than U.S. securities. They are subject to different accounting and regulatory standards, and political and economic risks. These risks are enhanced in emerging markets countries.

Diversification does not ensure a profit or protect against a loss in a declining market. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index.



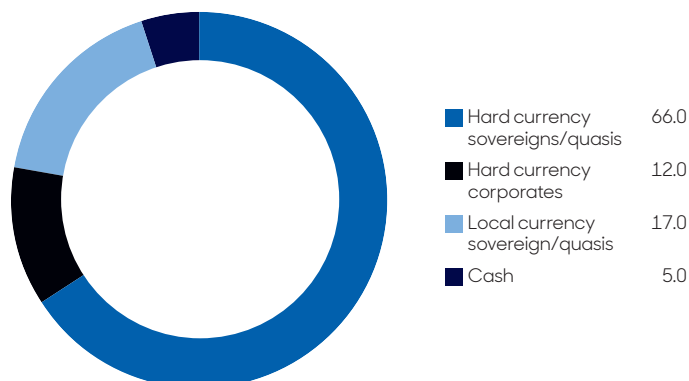


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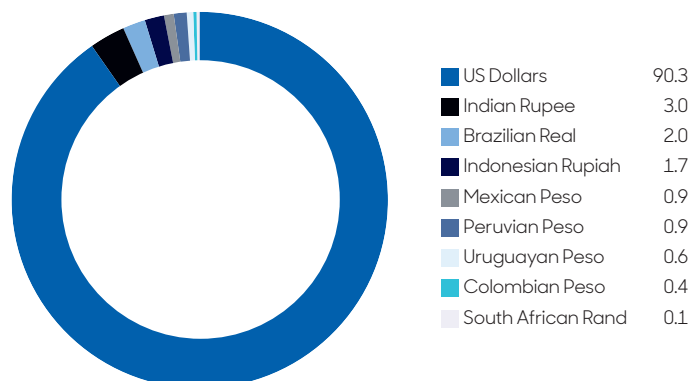
## Strategy Profile

### Q4 2023

Sector breakdown (%)



Currency breakdown (%)



Top 10 country positions

Country	Benchmark (%)	Rep account (%)	Hard currency (%)		Local currency (%)	FX (%)
			Sov/Quasi-sov <sup>1</sup> (%)	Corporate (%)		
Brazil	3.3	6.0	0.5	0.3	5.2	2.0
India	0.7	3.4	0.2	0.3	3.0	3.0
South Africa	2.8	5.1	2.3	0.5	2.2	0.1
Colombia	3.0	5.1	1.7	1.3	2.1	0.4
Kazakhstan	1.3	2.9		2.9		
Georgia	0.1	1.6	1.6			
Tunisia	0.1	1.4	1.4	-	-	-
Cameroon	0.0	1.1	1.1			
Kazakhstan	1.3	2.4		2.4		
Dominican Republic	3.0	4.0	4.0			

Source: abrdn

1. Quasi-sovereign = 100% government-owned.

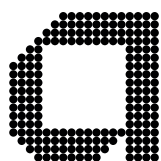
Unless stated otherwise, portfolio data and statistics are based upon the total assets of a single Representative Account which is included in the Composite for the periods shown. This account was chosen because it is unrestricted and fairly represents the overall style of the manager as described. The above information is supplemental to the Composite's GLPS® Report contained at the back of this document.

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### Q4 2023

#### Composite information

Firm: abrdn Composite Name: Emerging Markets Debt – Hard Currency Sovereign (USD Denominated) Reporting Currency: USD Composite Inception: Aug 01 1999  
As of: Dec 31 2023

Year	Composite Return Gross (%)	Composite Return Net (%)	Benchmark Return (%)	Composite St Dev (%)	Benchmark St Dev (%)	No. of Portfolios*	Dispersion (%)	Market Value at end of Period	Firm Assets (%)	Total Firm Assets (Legacy History)
3 Months	11.13	10.92	9.16			<=5 (<=5)		1,358,143,829		
Year to date	14.67	13.88	11.09			<=5 (<=5)		1,358,143,829		
1 Year	14.67	13.88	11.09			<=5 (<=5)		1,358,143,829		
2 Years p.a.	-1.97	-2.60	-4.43			<=5 (<=5)		1,358,143,829		
3 Years p.a.	-2.54	-3.15	-3.56	11.62	10.70	<=5 (<=5)		1,358,143,829		
4 Years p.a.	-0.64	-1.26	-1.43	13.92	12.56	<=5 (<=5)		1,358,143,829		
5 Years p.a.	2.42	1.79	1.67	12.82	11.57	<=5 (<=5)		1,358,143,829		
7 Years p.a.	2.54	1.91	1.97	11.28	10.06	<=5 (<=5)		1,358,143,829		
10 Years p.a.	3.23	2.60	3.22	10.32	9.01	<=5 (<=5)		1,358,143,829		
Since inception p.a.	10.12	9.45	7.47	11.15	8.94	<=5 (<=5)		1,358,143,829		
2023	14.67	13.88	11.09	11.62	10.70	<=5 (<=5)		1,358,143,829		
2022	-16.19	-16.69	-17.78	14.75	13.36	<=5 (<=5)		1,221,205,300	0.29	427,856,340,835
2021	-3.68	-4.26	-1.80	12.21	10.67	<=5 (<=5)		1,749,226,683	0.29	599,611,223,443
2020	5.28	4.65	5.26	12.42	10.73	<=5 (<=5)		2,160,072,587	0.36	601,184,070,867
2019	15.65	14.96	15.04	6.04	4.85	<=5 (<=5)		2,907,141,161	0.48	599,561,039,999
2018	-6.81	-7.37	-4.26	7.08	5.46	<=5 (<=5)		2,718,267,146	0.45	606,245,078,792
2017	13.47	12.79	10.26	6.90	5.04	6 (6)	0.40	3,004,809,677	0.81	370,088,382,260
2016	14.10	13.41	10.15	7.59	5.78	6 (6)	0.93	2,216,999,626	0.66	338,134,038,404
2015	-2.82	-3.40	1.18	6.95	6.51	8 (8)	1.43	3,233,132,201	0.84	383,382,349,203
2014	3.99	3.37	7.43	7.38	7.03	8 (<=5)		4,351,467,882	0.95	460,247,164,576

N.B. Where a calendar year return is shown the annualised standard deviation presented is of 36 monthly returns to the calendar year end.

#### Definition of the firm

abrdn (or "the Firm") is defined as all portfolios managed globally by the asset management entities of abrdn plc excluding Private Markets, abrdn Capital and Lloyds Syndicate portfolios. The Firm inception date is 1st January 1918; and includes track records that either were, or were part of, legacy compliant firms, some of which are compliant from earlier dates: Aberdeen Asset Management plc (compliant from 1st January 1996); Standard Life Investments (compliant from 1st January 1996); and Aberdeen Property (compliant from 1st January 2013). Composite returns, start date and composite and firm assets reported prior to acquisitions represent those of the legacy firm which managed the product at the time. Changes in the firm organisation, investment style or personnel have not caused alterations of historical composite performance. Compliant Presentations produced during the period between the annual period end and the date of release to the market of abrdn's financial results will not contain the Firm assets or % of Firm assets for that annual period end. The total Firm assets is material non-public information before the official results release date and to release it in GIPS Compliant Presentations would be against the law: and where laws and/or regulations conflict with the GIPS standards, firms are required to comply with the laws and regulations and make full disclosure of the conflict in the compliant presentation. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organisation, nor does it warrant the accuracy or quality of the content contained herein.

#### GIPS compliance

abrdn claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. abrdn has been independently verified for the periods to 31st December 2020. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. The effective date of compliance is 1st January 1996. The inception date of the composite is 31/07/1999 and it was created on 13/04/2006. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Available on request are a list of composite descriptions and details of Limited and Broad distribution pooled funds.

#### Composite description

The composite comprises all discretionary portfolios managed to the firm's Emerging Market Debt – Hard Currency Sovereign strategy and has flexibility to invest off-benchmark. The portfolios invest in hard currency sovereign, quasi-sovereign and corporate bonds, local currency sovereign bonds and currencies. Investments are principally in USD and Emerging Market currencies.

#### Composite methodology

Returns are time-weighted total rates of return including cash and cash equivalents, income and realised and unrealised gains and losses. Returns are shown net of non-recoverable tax, whilst recoverable tax is included on a cash basis. Composites results are weighted by individual portfolio size, using start of period market values. Annual returns are calculated using geometric linking of monthly returns. Exchange rates used are WMR 16:00 Closing Spot Rates. Composites may contain portfolios of different base currencies, translated into a common currency for composite returns using the exchange rates stated above. A fund becomes eligible for inclusion the first full calendar month after funding. Inclusion may be deferred in cases where it has not been possible to implement the investment strategy. Terminated funds leave composites at the end of the calendar month before official notification of termination is received. Results include all discretionary, fee paying accounts of the Firm.

The dispersion of annual returns is measured by the range of the portfolio returns represented within the composite for the full period. Dispersion is not calculated for composites with less than five accounts for the whole period. Additional information on policies for calculating and reporting returns is available on request.

#### Presentation of results

Gross returns are presented before management, performance, custodial and other fees but after all trading expenses. Net returns are calculated after the deduction of a representative management fee. Risk Statistics are presented gross of fees.

#### Primary index description

JPM EMBI Global Diversified.

#### Representative fee description

The Composite Representative Fee is 0.75%. A pooled fund following this strategy has a highest institutional investment management fee of 0.75% and an OCF (TER) of 0.86%. A segregated account following this strategy has a highest investment management fee of 0.4%. The fee prior to 1st May 2023 was 0.6%.

#### Derivative instruments

The portfolios in this composite may use foreign exchange forward contracts for efficient portfolio management. Derivatives are not used to leverage the portfolios.

#### Footnote

The composite name has changed from "Emerging Markets Debt – Plus (USD Denominated)" to "Emerging Market Debt – Hard Currency Sovereign" as of 01/08/2023. The description was also amended to include the detail on flexibility to invest off benchmark. This is not a change to the strategy but provides detail of the defining element that used to be defined as "Plus" in the previous description.

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